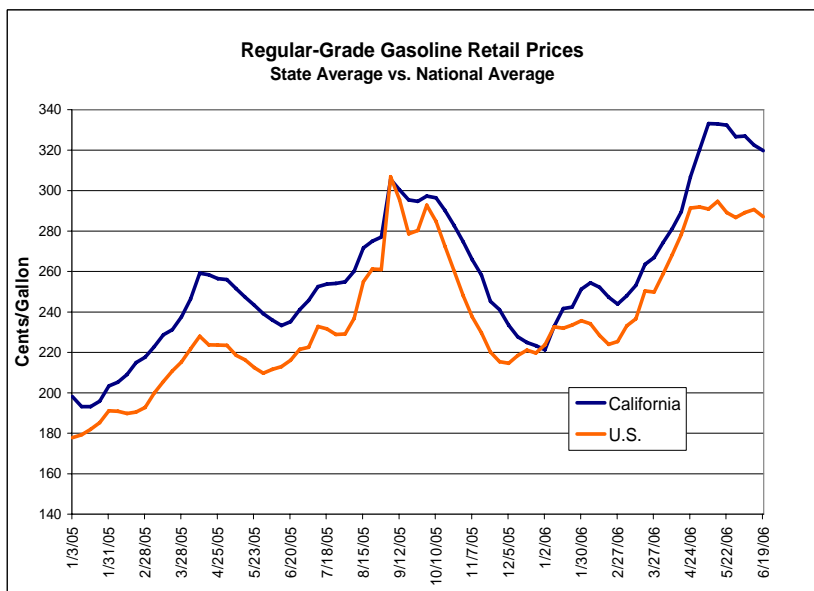
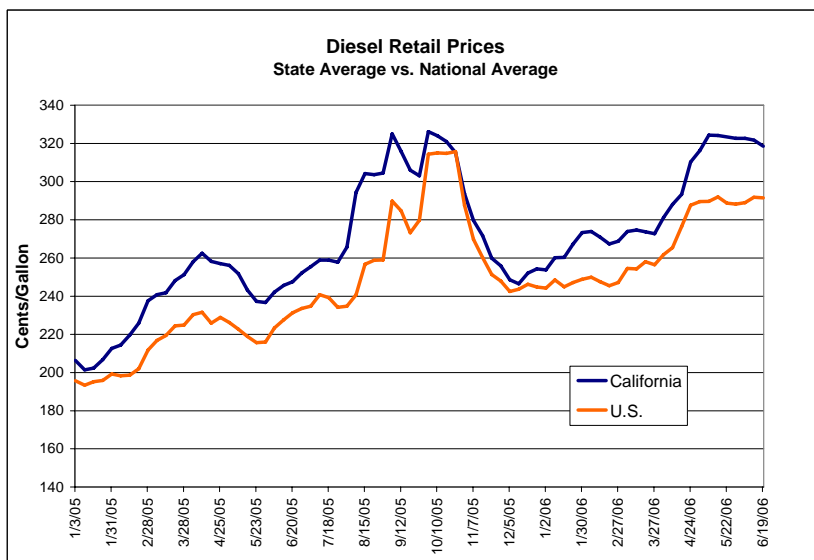


Retail Gasoline and Diesel Prices on June 19

- The average statewide **retail price for regular-grade gasoline** fell 3 cents per gallon this week to \$3.20 per gallon, 13 cents less than the record high of \$3.33 on May 8.¹
- The difference between California and U.S. retail gasoline prices rose slightly to 33 cents per gallon, the result of a 4 cent decrease in national prices. This remains well above the average difference of 19 cents for January through May.



- The average California **retail diesel price** dropped 3 cents from the previous week to \$3.19 per gallon. The difference between California and U.S. retail diesel prices fell 3 cents to 27 cents per gallon as U.S. prices stayed level.

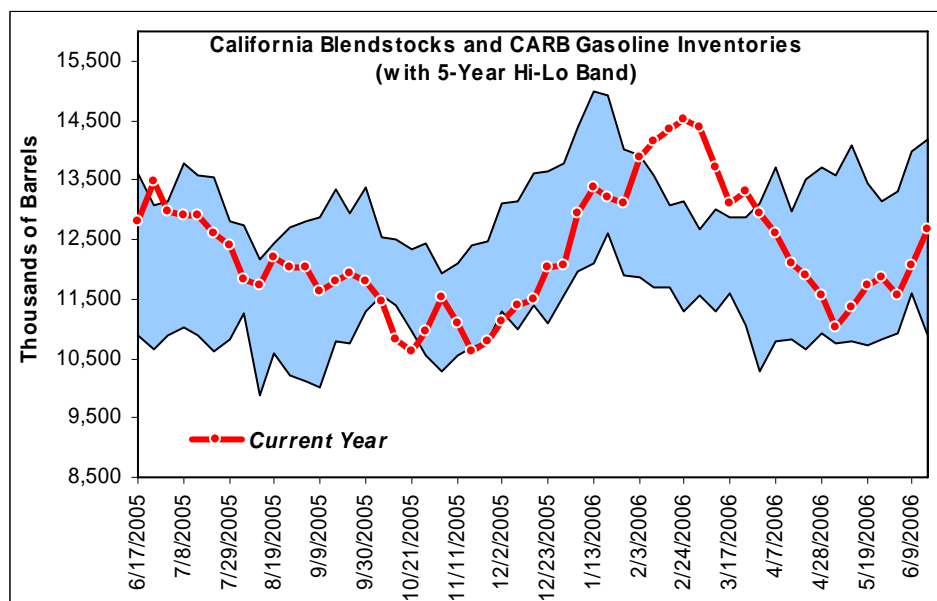
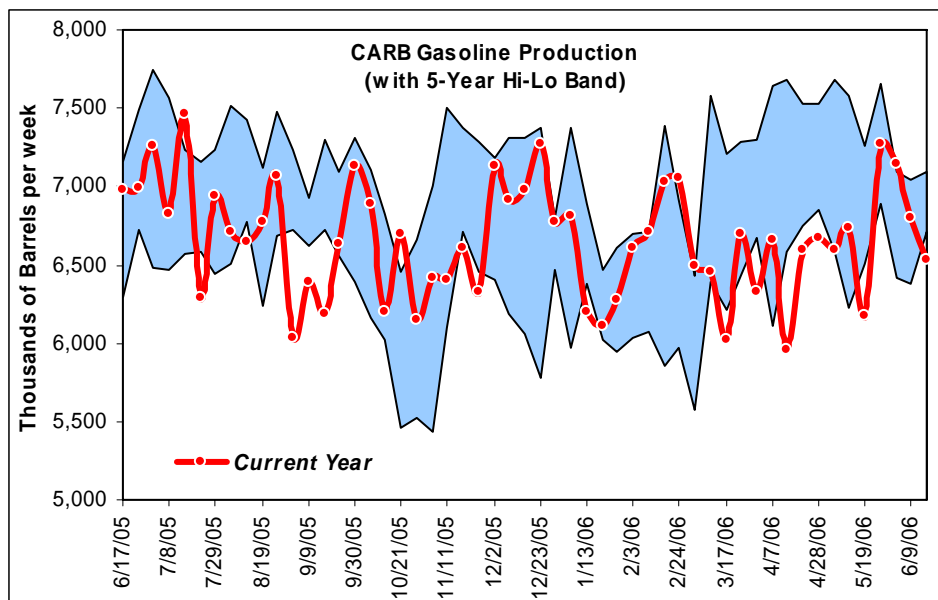


Wholesale Gasoline and Diesel Prices on June 20

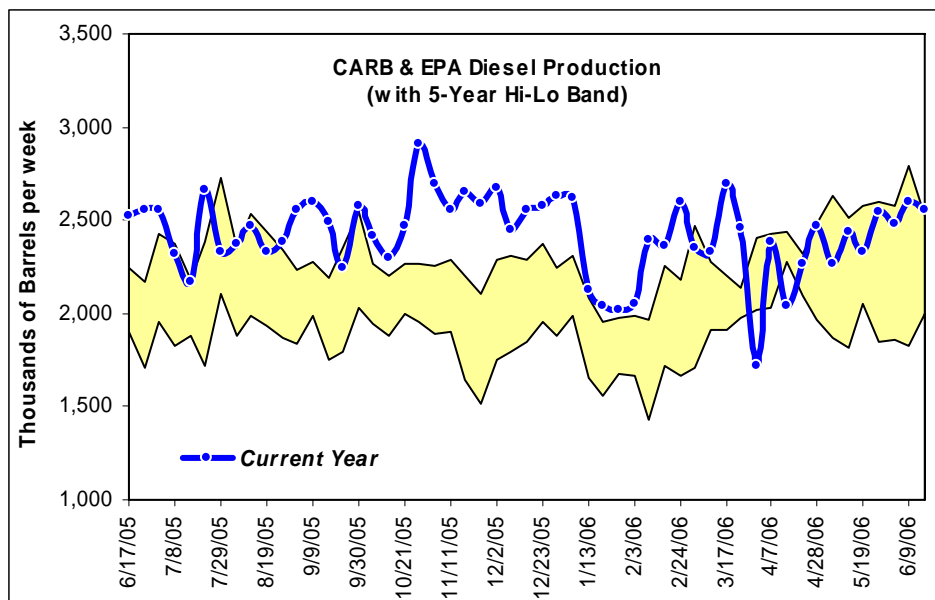
- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) ranged between \$2.28 and \$2.32 per gallon during the last week and settled at \$2.30 per gallon, about 2 cents less than on June 13. Prices are 67 cents lower than the record high of \$2.97 on May 2 but 74 cents more than the 2006 low of \$1.56 on February 14.
- Declining national gasoline spot prices, high gasoline inventories, and slightly lower crude oil prices have pushed California spot prices down from last week.
- The difference between spot prices in California and New York Harbor fell slightly from last week, while the difference compared to the Gulf Coast grew. Prices for RBOB are 14 cents per gallon higher in Los Angeles than at New York Harbor and 17 cents higher than the Gulf Coast.
- California spot **wholesale low-sulfur diesel prices** dropped 9 cents during the last week to \$2.15. Prices are now 53 cents lower than the record high of \$2.68 on May 3.
- The difference between California wholesale low-sulfur diesel prices and Gulf Coast prices rose sharply to 12 cents more in Los Angeles.
- The difference between California gasoline and diesel spot prices narrowed during the middle of the last week but ended at 15 cents more for gasoline, an increase of 7 cents from June 13.
- The Energy Information Administration (EIA) weekly assessment for June 16 reports that **U.S. gasoline demand** grew 0.2 percent from the previous week, while distillate demand also increased 0.2 percent. The four-week average demand for gasoline is 9.41 million barrels per day, 0.3 percent less than last year. The four-week average for U.S. distillate demand is 4.081 million barrels per day, 1.1 percent lower than last year.

Refinery Production and Inventories

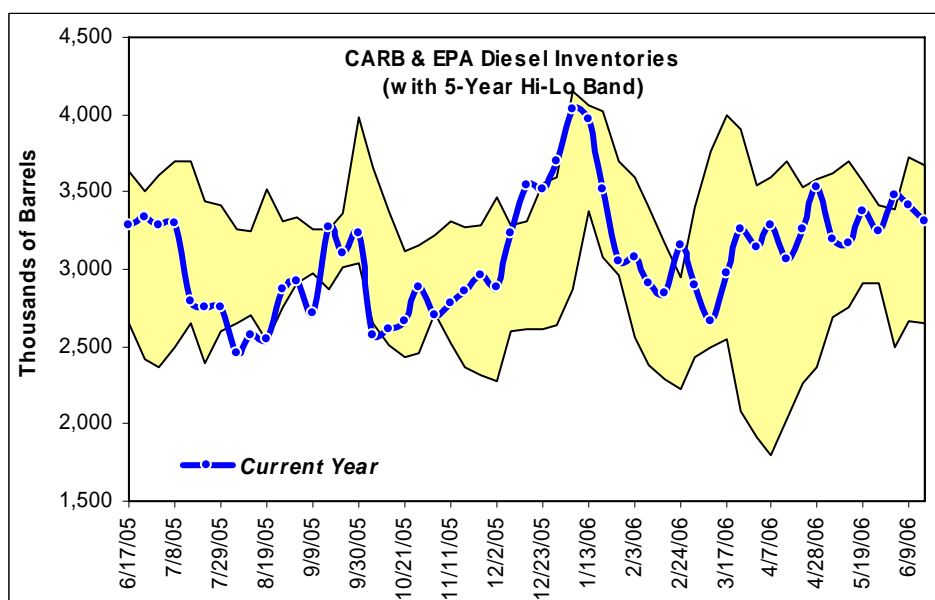
- Reformulated **gasoline production** in California during the week ending June 16 dropped for the third straight week to 6.53 million barrels, 3.9 percent lower than the previous week and 6.5 percent less than last year. Refineries have still been operating relatively trouble-free, but some planned maintenance brought California reformulated gasoline production down to the lower end of the five-year range.²
- Despite the production decline, California reformulated **gasoline inventories** grew 6.5 percent from the previous week, while gasoline blendstock inventories increased by 4.4 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased 5.2 percent** to 12.68 million barrels and have risen to the middle of the five-year range.
- U.S. gasoline inventories grew for the eighth straight week to 213.4 million barrels on June 16. However, this was only 294,000 barrels more than the previous week, less than many analysts expected, as production increased but imports declined sharply.



- California low-sulfur **diesel production** during the week of June 16, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, fell 1.9 percent from the previous week to 2.55 million barrels but output remains at the upper end of the five-year range.



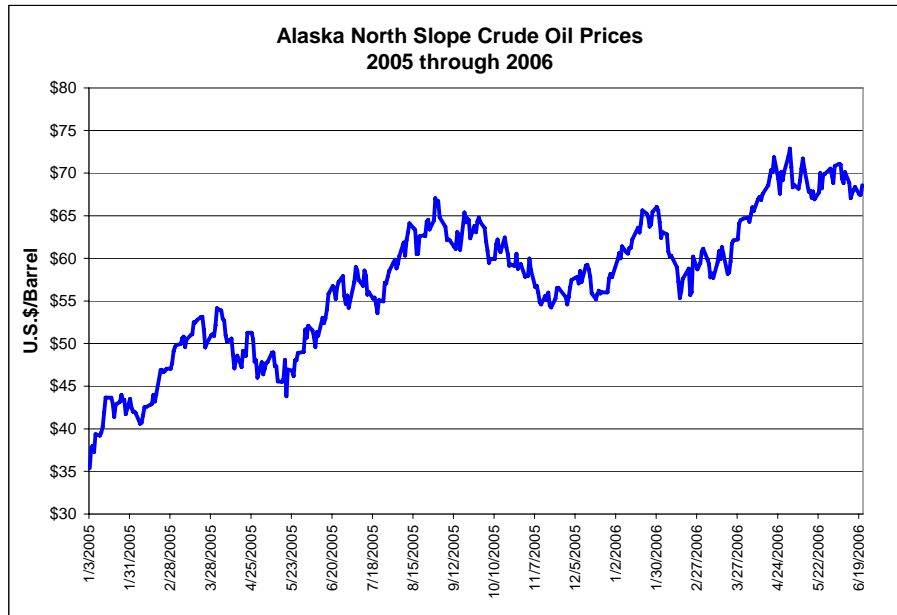
- Combined low-sulfur **diesel inventories** in California fell by 2.8 percent from the previous week to 3.31 million barrels and have moved down to the middle of the five-year range. Total U.S. distillate inventories as of June 16 increased to 124.5 million barrels, 1.7 million barrels higher than the previous week and 12.9 million barrels more than last year.



Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, changed little over the week. Oil exports from Iraq have been growing, Iranian offshore production has increased, several recent oil demand forecasts have been revised downward, and the U.S. dollar gained against other currencies, all of which helped keep oil prices down. Iran has described the United

States and European proposal aimed at curbing its nuclear program as a step forward, although Iran's timetable for responding has been criticized as too slow. At the same time, however, new kidnappings by militants in Nigeria's oil-rich delta region, a Norwegian oil workers' strike, and statements by EIA that spare global oil production capacity will remain tight due to limited investments have supported prices. ANS oil prices ended this last week slightly higher at \$68.58 per barrel as of June 21.³



- U.S. commercial crude oil inventories grew as sharply higher imports offset increased crude oil inputs to refineries. Stocks were at 347.1 million barrels as of June 16, 1.4 million barrels more than the previous week, 19.7 million higher than last year and 35.1 million more than the five-year average.
- Offshore crude oil production in the Gulf Coast has slowly returned in recent months but a significant amount remains off-line. In its report on hurricane outages on June 19, the Minerals Management Service indicated that about 12 percent of U.S. Gulf of Mexico offshore oil production, or 179,970 barrels per day, was still shut down from last year's hurricanes. More than 166 million barrels of crude oil production had cumulatively been lost to these hurricanes since late August, about 30 percent of annual Gulf of Mexico offshore oil production.

¹ Spot wholesale and retail gasoline and diesel prices are from the Energy Information Administration of the U.S. Department of Energy.

² California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

³ ANS crude oil prices are from *The Wall Street Journal*. U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.